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## Korea, Republic of

### Product Brief

### Fresh Cherries

### 2008

**Approved by:**

Stan Phillips, ATO Director  
Agricultural Trade Office, Seoul

**Prepared by:**

Seh Won KIM, Ag. Marketing Specialist

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**Report Highlights:**

The United States is the predominant supplier of fresh cherries to South Korea at about \$30 million in 2007. Imports of fresh cherries increased dramatically over the past five years from \$1.7 million in 2002 to \$31.7 million in 2007. Growing demand in Korea is expected to provide good opportunities for expanding the market in Korea in the future. No cherries are produced in Korea. The Korea-U.S. Free Trade Agreement is expected to broaden the market for U.S. fresh cherries even further by eliminating the current 24 percent import duty on fresh cherries when the FTA is implemented.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Seoul ATO [KS2]  
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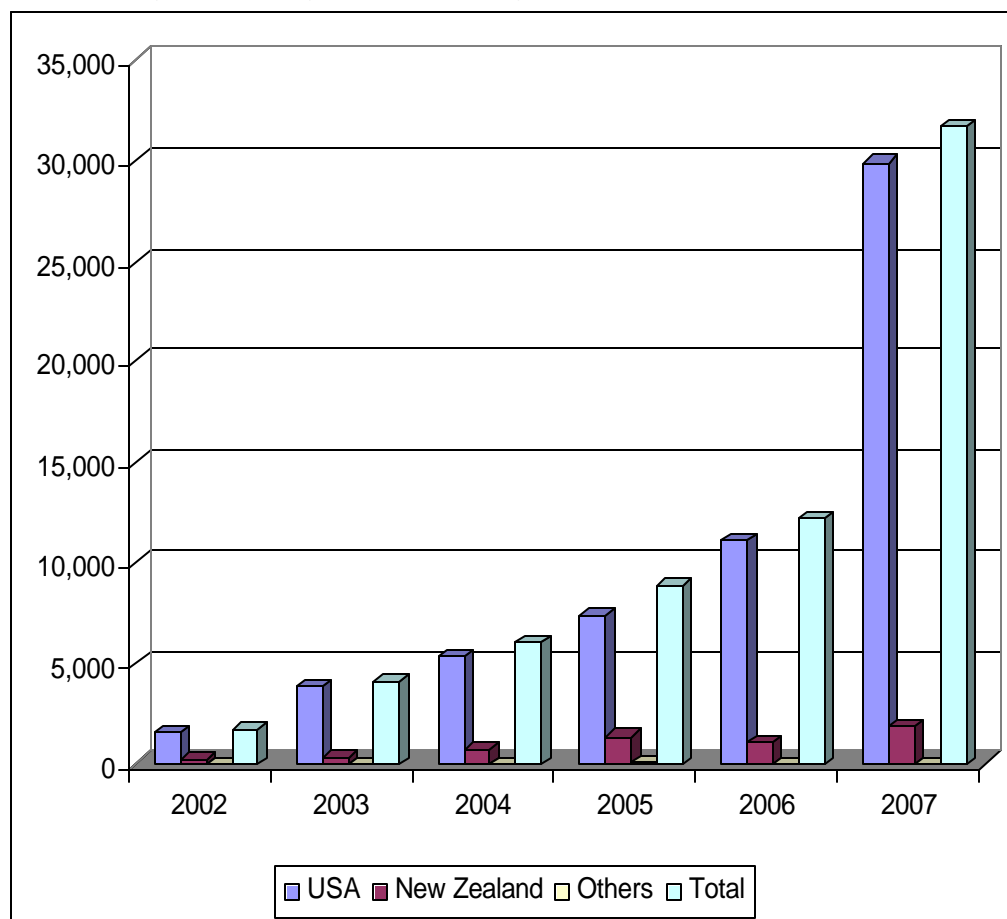
## SECTION I: MARKET OVERVIEW

South Korea was the fourth largest economy<sup>1</sup> in Asia and the 14<sup>th</sup> largest economy in the world in 2007 with a GDP of \$1.2 trillion. The per capita GDP was \$24,800 in 2007<sup>2</sup>. South Korea has a population of about 50 million and is roughly the size of the state of Indiana.

Korea imported a total of 4,095 metric tons of fresh cherries worth \$31.7 million in 2007. The United States was the leading supplying country with 3,945 metric tons worth \$29.9 million in 2007, followed by New Zealand with 149 metric tons worth \$1.8 million. Imports of fresh cherries increased sharply by 1,765 percent in value from \$1.7 million in 2002 to \$31.7 million in 2007. Growing demand in Korea is expected to provide good opportunities for expanding the market in the future. Cherries are not produced in Korea.

Fresh Cherry Imports by Year & Country

Unit: \$1,000



## SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

Record FOB prices reflecting lower production in the Northwest due to cold weather, and weakened local currency, combined to slow import growth of fresh cherries in 2008. Some

<sup>1</sup> World Fact Book (<https://www.cia.gov/library/publications/the-world-factbook>)

<sup>2</sup> World Fact Book; purchasing power parity basis

importers are concerned that early varieties of cherries, which are expensive but do not meet Korean consumers taste expectations (too tart), may damage the image of U.S. fresh cherries in the future. New Zealand is a slight competitor for fresh cherries.

ADVANTAGES	DISADVANTAGES
No cherries are produced in Korea.	Local currency is weakening.
Not much competition	Fumigation is required for fresh cherries.
The Korea-U.S. Free Trade Agreement (KORUS FTA) will make U.S. fresh cherries more competitive.	The tariff for fresh cherries is high.

The KORUS FTA will provide good opportunities for U.S. fresh cherry suppliers because the current 24 percent customs duty will be eliminated immediately upon implementation. The KORUS FTA is yet to be ratified by both the National Assembly of Korea and the U.S. Congress.

### Entry Strategy

One of the best ways to enter into the Korean market is to participate in a local food show to showcase the exporters' products to a larger audience. Many Korean importers attending these shows are looking to establish reliable long-term trading relationships. Face-to-face contacts made through show participation can be an important step in developing business relationships with importers, agents, wholesalers, distributors, retailers and others.

Currently, there is one trade show supported by ATO Seoul in Korea. The "Seoul Food & Hotel 2009" will be held in Ilsan in the suburbs of Seoul on May 13-16, 2009 for four days. The show offers an excellent opportunity to explore market opportunities in Korea. This show is a trade only show and targets importers, wholesalers, distributors, retailers, hotels, restaurants, food processors, media, etc.

Please contact Mr. Russell Hood, President, Oak Overseas, Ltd., Phone: 704-837-1980 (ext: 302), Fax: 704-943-0853 and E-mail: [rhoo@oakoverseas.com](mailto:rhoo@oakoverseas.com) to reserve space in the U.S. pavilion at Seoul Food & Hotel 2009.

Another way of finding potential importers is to contact potential importers directly by introducing the exporting company and its products through e-mails and/or fax to explore possible market opportunities in Korea. If U.S. exporters do not have lists of potential importers, they can contact ATO Seoul to obtain them.

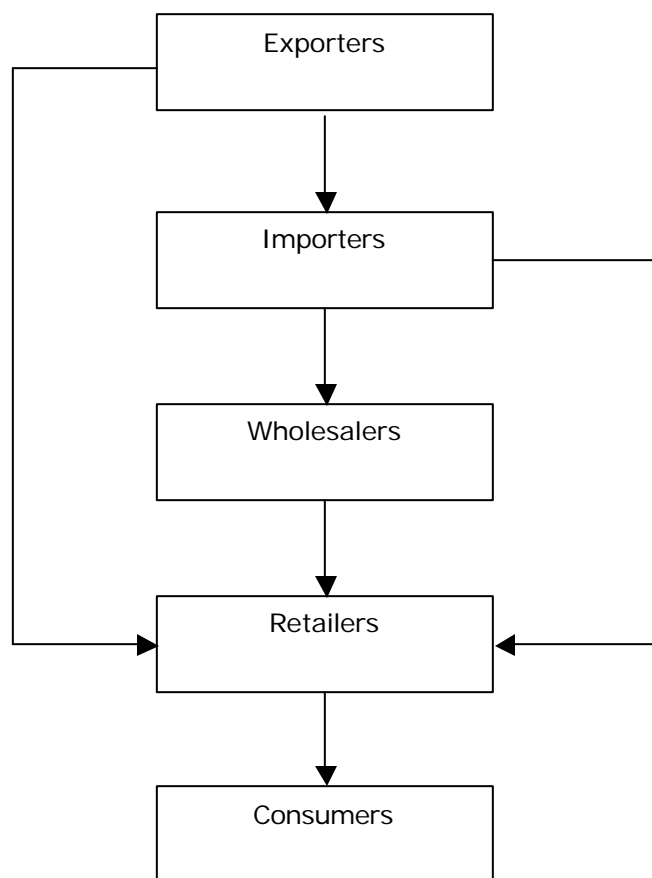
### Market Size, Structure, Trends

Korean importers import fresh cherries and sell them either directly to retailers, or to wholesalers who sell to retailers. Among retailers, COSTCO Korea imports fresh cherries directly from U.S. suppliers and sells them at their stores, and one other retailer occasionally imports fresh cherries directly.

Distribution of fresh cherries is generally as follows: Day 1; Fumigation in the United States, Day 2; Packing in the United States, Day 3; Air Transportation from the United States & Arrival in Korea, Day 4; Quarantine Inspection in Korea, Day 5 or 6; Customs Clearance, Day 6-8; Selling to wholesalers and/or retailers, Day 7-11; Selling to consumers.

Northwest Cherry Growers (NWCG) and the California Cherry Advisory Board have representatives in Seoul (see Section V for contact information). NWCG's representatives surveyed cherry buyers in Korea in 2008 as part of a promotion involving prizes for cherry buyers who completed a survey. The survey showed that 2 percent of 250,000 retail packages sold under the promotion resulted in completed surveys. Of those who completed the survey, 67 percent of the respondents were women and 33 percent were men. The survey also showed that the age group in their 20's and 30's accounted for 71 percent of the total respondents, and the respondents from Seoul accounted for 34 percent while Gyeonggi Province respondents accounted for 27 percent.

### Distribution Channel



South Korea's Fresh Cherry Imports by Year and Origin Unit: Value - \$1,000

	2002	2003	2004	2005	2006	2007
USA	1,497	3,826	5,351	7,409	11,041	29,908
New Zealand	192	285	682	1,372	1,096	1,831
Others	0	0	20	70	19	4
Total	1,689	4,111	6,053	8,851	12,156	31,744

Source: Korea Trade Information Service

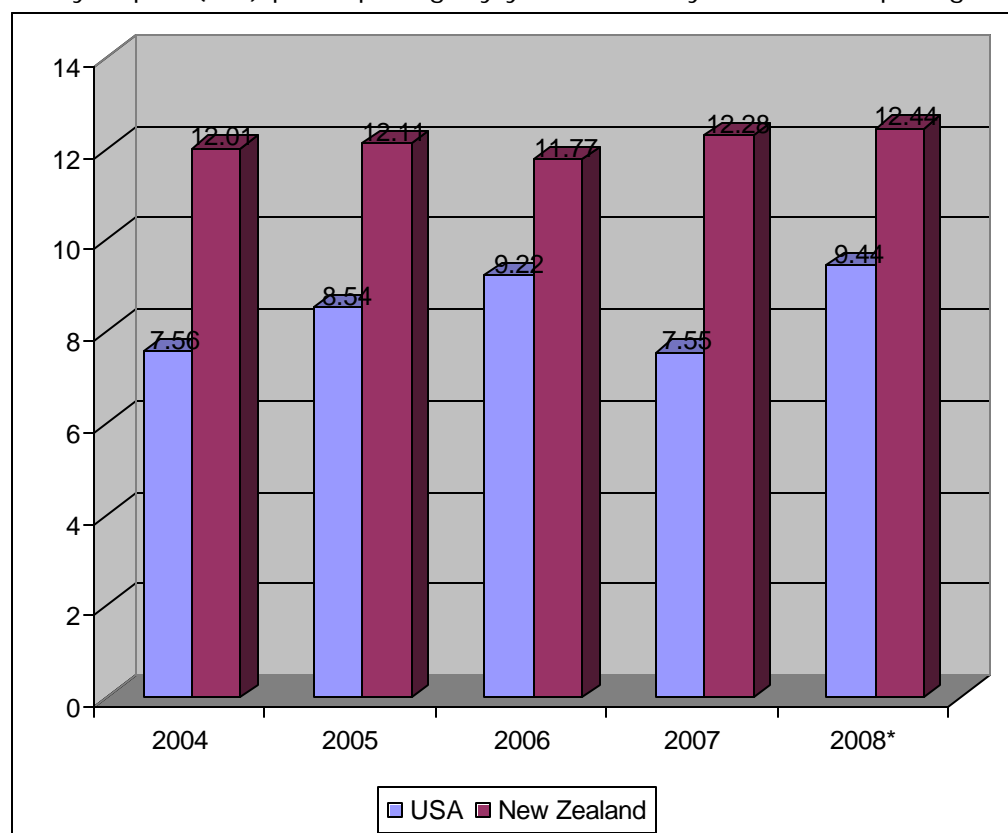
## Company Profiles

There are about 20 companies which are importing fresh cherries in Korea. For specific information on these fresh cherry importing companies, please contact ATO Seoul (see last page for contact information).

## SECTION III: COSTS AND PRICES

There are no tariff-rate quotas for fresh cherries in Korea. Korea imposes a 24 percent Customs duty on imports of fresh cherries.

Cherry Import (CIF) prices per Kg. by year & country Unit: US\$ per Kg.



\*Imports from Jan.-May 2008 Source: Korea Trade Information Service

### Korea – U.S. Free Trade Agreement

Product	HS Number	Current Tariff Rate	Phase-out
Fresh cherries	0809.20.0000	24 percent	Immediate

\*The Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in early 2007 is expected to provide good opportunities for U.S. cherry exporters as the 24 percent customs duty currently imposed on imports of fresh cherries will be eliminated immediately when the

agreement is implemented. The KORUS FTA is currently pending in the National Assembly of Korea and the U.S. Congress; it must be ratified by both before it is implemented.

#### SECTION IV: MARKET ACCESS

Most fresh cherries are imported by air in order to keep freshness and quality. Accordingly, transportation costs are relatively high. Fumigation requirements for fresh cherries shorten the shelf life and quality of imported fresh cherries. It is reported that the shelf life after fumigation is valid for about 10-12 days, after which the quality deteriorates fast. Traders say that there are currently no other major significant barriers or problems in importing fresh cherries from the United States to Korea.

Fresh cherries must be fumigated according to the schedules agreed between USA and Korea and accompanied by a Phytosanitary certificate, PPQ Form 577, issued by USDA/APHIS (Animal & Plant Health Inspection Service).

The issuance date of the phytosanitary certificate shall be prior to the departure date listed on the Bill of Lading. Also, the inspection date on a certificate must be prior to the departure date.

For further details on the plant quarantine issues, please contact your local APHIS/PPQ office.

#### SECTION V. KEY CONTACTS AND FURTHER INFORMATION

##### U.S. Agricultural Trade Office

Korean Address:	Room 303, Leema Building 146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. Mailing Address:	U.S. Embassy Seoul, Unit 15550-ATO APO, AP 96205-5550
Telephone:	822 397-4188
E-mail:	<a href="mailto:atoseoul@fas.usda.gov">atoseoul@fas.usda.gov</a>
	Fax: 822 720-7921
	Website: <a href="http://www.atoseoul.com">www.atoseoul.com</a>

##### Agricultural Affairs Office

Korean Address:	U.S. Embassy, 32, Sejong-ro Chongro-ku, Seoul, Korea
U.S. Mailing Address:	U.S. Embassy Seoul, Unit 15550-AGAFF APO, AP 96205-5550
Telephone:	82-2 397-4297
E-mail:	<a href="mailto:agseoul@fas.usda.gov">agseoul@fas.usda.gov</a>
	Fax: 82-2 738-7147

For further information about sanitary and phytosanitary requirements, please contact:

##### USDA, Animal Plant and Health Inspection Service (APHIS)

Korean Address:	Room 303, Leema Building 146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. Mailing Address:	U.S. Embassy Seoul, Unit 15550-APHIS APO, AP 96205-5550
Telephone:	82-2 725-5495
Website:	<a href="http://www.aphis.usda.gov">www.aphis.usda.gov</a>
	Fax: 82-2 725-5496

U.S. Address: USDA, APHIS, PPQ  
4700 River Road, Unit 140  
Riverdale, MD 20737  
Telephone: 301-734-8262 Fax: 301-734-7639

**Northwest Cherry Growers, Korea Representative**

Mailing Address: Pennsylvania Office  
7<sup>th</sup> floor, Yulchon Building  
24-1, Yeoido-dong, Youngdeungpo-ku  
Seoul, Korea

Telephone: 82-2-786-7701 Fax: 82-2-786-7704  
E-mail: [kyang@kbsinc.co.kr](mailto:kyang@kbsinc.co.kr) Website: [www.pennsylvania.or.kr](http://www.pennsylvania.or.kr)

**California Cherry Advisory Board, Korea Representative**

Mailing Address: Sohn's Market Makers  
4<sup>th</sup> floor, The House Building  
128-25, Chungdam-dong, Kangnam-ku  
Seoul, Korea

Telephone: 82-2-543-9380 Fax: 82-2-543-0944  
E-mail: [info@sohnmm.com](mailto:info@sohnmm.com)

**For more information about the Korean market**, please review the Exporter's Guide (KS7063) at <http://www.fas.usda.gov/gainfiles/200710/146292610.pdf> and the FAIRS Country Report (7053) at <http://www.fas.usda.gov/gainfiles/200708/146291900.pdf>. More Korea specific reports can be found at <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

General information about the Korean Market can be found on the Agricultural Trade Office Website at <http://www.atoseoul.com/> or on the Foreign Agricultural Service website at <http://www.fas.usda.gov/>